

TENNESSEE REGULATORY AUTHORITY

Sara Kyle, Chairman
Lynn Greer, Director
Melvin Malone, Director



May 25, 2001

460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Mr. Guy M. Hicks, General Counsel
BellSouth Telecommunications, Inc.
Suite 2101
333 Commerce Street
Nashville, Tennessee 37201

Dear Mr. Hicks:

Re: Petition of Arbitration of ITC^DeltaCom Communications, Inc., with
BellSouth Telecommunications, Inc. pursuant to the Telecommunications
Act of 1996. Docket No. 99-00430

Dear Mr. Hicks:

BellSouth's May 22, 2001 letter in the above referenced docket, states that "BellSouth has followed the Authority's instructions in Docket No. 97-01262, and proposed "sum of the parts" where rates were not previously ordered. In other words, the price for new combinations of unbundled network elements will be the sum of the recurring and nonrecurring charges for the individual network elements that comprise the combination."

With regard to the above statement, please respond to the following questions no later than **June 1, 2001**:

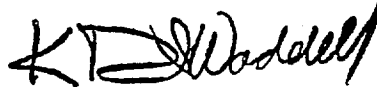
- 1a. In an order dated March 6, 2001, in Docket 97-01262 the Authority ruled that "Unbundled network elements that should be priced at the sum of the unbundled network element prices after adjustments for nonrecurring costs to reflect efficiencies."¹ Do the nonrecurring rates for the UNE combinations not already combined in BellSouth's network found on Attachment 11 of Bell's May 22 filing, reflect the efficiencies gained from providing the elements as a combination as opposed to providing the elements on a stand alone basis?
- b. If these efficiencies are reflected in the nonrecurring rates, explain how the costs of the efficiencies were calculated and provide specific examples showing the calculation of nonrecurring costs for UNE combinations not already combined.

¹ *Correction of Transcript of April 25, 2000 Authority Conference and Erratum to Second Interim Order*
Re: Revised Cost Studies and Geographic Deaveraging, page 2.

2. If the nonrecurring rates for the UNE combinations not already combined in BellSouth's network do not reflect the efficiencies discussed in question 1, provide a detailed explanation for why these efficiencies were not recognized.

If you have any questions or if clarification is needed, please contact Jerry Bennett at 741-2791, Ext. 194.

Sincerely,

A handwritten signature in black ink, appearing to read "K. David Waddell". The signature is stylized with a large, bold "K" and a cursive "David Waddell".

K. David Waddell
Executive Secretary

c: Don Baltimore, Counsel for ITC^DeltaCom
Nanette Edwards, ITC^DeltaCom